



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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Memorandum

To: Tom Jones, Director SLATE

From: Dwayne Crandall, Internal Audit Supervisor *DC*

Date: 11/15/2004

Re: A-133 Audit Review Response – Youth Education and Health in Soulard (YEHS)

A review of the attached A-133 Audit dated October 22, 2004 for the above Agency was conducted by this office on November 10, 2004.

The following information is provided:

AGENCY: Youth Education and Health in Soulard (YEHS)

AUDIT PERIOD: Year Ended September 30, 2003

Program Title	Federal CFDA Number	Expenditures	Pass-Through Entity Identifying Number	Major Program
Department of Labor, Training Administration				
St. Louis Agency on Training and Employment	17.xxx	\$163,621	Not Provided by the Auditee	Yes

The Agency did not provide us with a copy of its general-purpose financial statements audit. The independent auditors rendered a unqualified opinion on the general-purpose financial statements as noted in the Agency's Schedule of Findings and Questioned Costs. However, they reported a finding regarding a **material weakness with the financial statements**. The Agency's bookkeeper forged fraudulent checks totaling \$29,502. The Agency's bookkeeper did not perform timely reconciliations of account balances. Management did not provide the necessary oversight to detect this omission and the fraud perpetrated by the bookkeeper on a timely basis. The independent auditors determined none of the fraudulent checks was charged to federal programs. The Agency carried insurance to cover its loss; as a result, there was no financial impact to the organization.

The auditors' report on compliance for the major federal awards programs expressed a **qualified** opinion on all major federal programs. The independent auditors noted YEHS did not comply with requirements regarding allowable costs that were applicable to its HUD Youthbuild Program. The Agency overcharged HUD by \$17,025 for rent and \$314 in supplies. The Agency charged HUD and another funding source for the same expenditures. In addition, the lack of internal controls over compliance created conditions that could have resulted in fraudulent disbursements charged to a federal program.

The Agency stated in its corrective action plan that it has corrected or was in the process of correcting these findings. An outside bookkeeper is doing the reconciliations while the Agency searches for a new bookkeeper. We noted the Agency did not identify the auditee contact person(s) responsible for the corrective action.

We noted the total amount reported in the YEHS' SEFA for the above grant differed slightly with the City's General Ledger. We considered the difference immaterial. (See attachment.) The SEFA did not include the Pass-Through Entity Identifying Number. **Moreover, the Federal CFDA number given for the SLATE funds was non-specific giving only the first two numbers identifying the funding federal agency (US Department of Labor) but not the program.** The absence of these numbers increase the risk of not identifying properly all pass-through federal funds and makes reconciliations with City records difficult. We believe the Agency's could improve its SEFA by including the Pass-Through Entity Identifying Numbers.

We plan to review the corrective action taken regarding these findings at our next scheduled fiscal monitoring review. Since the general purpose financial statements were not provided, we recommend you contact YEHS personnel to obtain a copy of these and forward a copy for our records.

If you have any questions concerning the findings of this review, please contact me at 613-7257.

Attachment